

Comments of Steve Pratt, San Tan Valley, re Scheduling Rate Case and CCN Transfer

I am submitting written comments because I will not have landline access for the conference today. I will try to call in with a mobile device. Thank you.

My family is a Johnson Utilities water and wastewater customer in San Tan Valley. While I speak for myself, many of my neighbors have some of the same concerns.

1. The rate case should proceed and application to transfer the CCNs should be rejected without prejudice to submitting a new application. Had a rate case happened 5 years ago, much of the harm to me and my neighbors caused by neglect by Johnson Utilities and the Arizona Corporation Commission could have been avoided. This case needs completion.
2. The current rate case will determine the fair value of Johnsons plant and property, which the company estimates to be \$9.7 Million.
3. The rate case will determine a reasonable profit level for the company as well as determine an appropriate revenue requirement for both water and wastewater systems.
4. The processing of the application by Epcor to acquire Johnson Utility assets should wait until the application is complete and meets the requirements of the Arizona Administrative Code.
5. Missing elements required by the Administrative Code are:
 - a. The terms and conditions of the sale, including the sales price, description of liabilities to be assumed, various blank schedules in the Purchase Agreement.
 - b. A discussion of the impact on customers. Epcor's proposed 750% increase to rate base could cost each of our families \$4,000 to \$5,000, yet Epcor claims the transaction will have "no adverse impact on current Johnson customers" like us. While there are some in the service area that would gladly hand over an extra \$4,000 to \$5,000 to get rid of the current owner of the utility, we want an explanation of what else we get for our \$4,000 to \$5,000.
6. Epcor states that it wants us each to pay what we estimate to be \$4,000 to \$5,000 because it wants greater cash flow from Arizona to export to Edmonton, Alberta to satisfy its "business enterprise" goals. Until the rate case is finalized, cash flow is unknown. How can anyone know if it is insufficient?
7. Once the application is complete, the terms of sale disclosed, and the change in revenue requirements associated with the Acquisition Premium and other transaction costs are included in the notice to the public (the current notice will probably just say "no customer impact, you can ignore this proceeding"), revised hearing dates and public comment periods can be established. We need a "before" and "after" revenue requirement.
8. Once it is clear exactly what Epcor is proposing we will better be able to determine if the transaction is in our interest, and whether we need to intervene to protect our interests.
9. Haste makes waste. Whenever the ACC reviews this transaction, it should allow for adequate time for review. Any decision in this case will impact me and my family for generations. We anticipate thoroughly researched recommendations from Staff.

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